

AMENDED IN SENATE AUGUST 23, 1999

AMENDED IN SENATE AUGUST 17, 1999

AMENDED IN SENATE JULY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 892**

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**Introduced by Assembly Member Alquist**  
**(Coauthors: Assembly Members Honda, Jackson, Knox,**  
**Kuehl, Longville, Romero, Shelley, Thomson, and**  
**Washington)**

(Coauthors: Senators Baca, Hughes, Solis, and Vasconcellos)

February 25, 1999

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An act to amend Section 1345 of, and to add Section 1368.2 to, the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 892, as amended, Alquist. Health care service plans: hospice care.

(1) Existing law requires each health care service plan to provide basic health care services, as specified.

This bill would include, on or after January 1, 2002, as a basic health care service, hospice care that at a minimum shall be equivalent to that provided pursuant to the federal Medicare program, as specified. The bill would require the Commissioner of Corporations to adopt regulations for hospice care, as specified. The bill would require an annual report by the commissioner each January 15th, commencing

in the year 2002, of changes in federal regulations that require a change in state regulations for hospice care.

(2) Existing law makes a violation of any provision of the Knox-Keene Health Care Service Plan Act of 1975 a crime. This bill, by increasing the requirements for basic health care services, ~~changes~~ *would change* the scope of that crime, *and thus creating would impose* a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1345 of the Health and Safety  
2 Code is amended to read:

3 1345. As used in this chapter:

4 (a) "Advertisement" means any written or printed  
5 communication or any communication by means of  
6 recorded telephone messages or by radio, television, or  
7 similar communications media, published in connection  
8 with the offer or sale of plan contracts.

9 (b) "Basic health care services" means all of the  
10 following:

11 (1) Physician services, including consultation and  
12 referral.

13 (2) Hospital inpatient services and ambulatory care  
14 services.

15 (3) Diagnostic laboratory and diagnostic and  
16 therapeutic radiologic services.

17 (4) Home health services.

18 (5) Preventive health services.

19 (6) Emergency health care services, including  
20 ambulance and ambulance transport services and  
21 out-of-area coverage. "Basic health care services"

1 includes ambulance and ambulance transport services  
2 provided through the “911” emergency response system.

3 (7) Hospice care pursuant to Section 1368.2.

4 (c) “Enrollee” means a person who is enrolled in a  
5 plan and who is a recipient of services from the plan.

6 (d) “Evidence of coverage” means any certificate,  
7 agreement, contract, brochure, or letter of entitlement  
8 issued to a subscriber or enrollee setting forth the  
9 coverage to which the subscriber or enrollee is entitled.

10 (e) “Group contract” means a contract which by its  
11 terms limits the eligibility of subscribers and enrollees to  
12 a specified group.

13 (f) “Health care service plan” or “specialized health  
14 care service plan” means either of the following:

15 (1) Any person who undertakes to arrange for the  
16 provision of health care services to subscribers or  
17 enrollees, or to pay for or to reimburse any part of the cost  
18 for those services, in return for a prepaid or periodic  
19 charge paid by or on behalf of the subscribers or enrollees.

20 (2) Any person, whether located within or outside of  
21 this state, who solicits or contracts with a subscriber or  
22 enrollee in this state to pay for or reimburse any part of  
23 the cost of, or who undertakes to arrange or arranges for,  
24 the provision of health care services that are to be  
25 provided wholly or in part in a foreign country in return  
26 for a prepaid or periodic charge paid by or on behalf of  
27 the subscriber or enrollee.

28 (g) “License” means, and “licensed” refers to, a  
29 license as a plan pursuant to Section 1353.

30 (h) “Out-of-area coverage,” for purposes of paragraph  
31 (6) of subdivision (b), means coverage while an enrollee  
32 is anywhere outside the service area of the plan, and shall  
33 also include coverage for urgently needed services to  
34 prevent serious deterioration of an enrollee’s health  
35 resulting from unforeseen illness or injury for which  
36 treatment cannot be delayed until the enrollee returns to  
37 the plan’s service area.

38 (i) “Provider” means any professional person,  
39 organization, health facility, or other person or institution

1 licensed by the state to deliver or furnish health care  
2 services.

3 (j) “Person” means any person, individual, firm,  
4 association, organization, partnership, business trust,  
5 foundation, labor organization, corporation, limited  
6 liability company, public agency, or political subdivision  
7 of the state.

8 (k) “Service area” means a geographical area  
9 designated by the plan within which a plan shall provide  
10 health care services.

11 (l) “Solicitation” means any presentation or  
12 advertising conducted by, or on behalf of, a plan, where  
13 information regarding the plan, or services offered and  
14 charges therefor, is disseminated for the purpose of  
15 inducing persons to subscribe to, or enroll in, the plan.

16 (m) “Solicitor” means any person who engages in the  
17 acts defined in subdivision (1) of this section.

18 (n) “Solicitor firm” means any person, other than a  
19 plan, who through one or more solicitors engages in the  
20 acts defined in subdivision (1) of this section.

21 (o) “Specialized health care service plan contract”  
22 means a contract for health care services in a single  
23 specialized area of health care, including dental care, for  
24 subscribers or enrollees, or which pays for or which  
25 reimburses any part of the cost for those services, in  
26 return for a prepaid or periodic charge paid by or on  
27 behalf of the subscribers or enrollees.

28 (p) “Subscriber” means the person who is responsible  
29 for payment to a plan or whose employment or other  
30 status, except for family dependency, is the basis for  
31 eligibility for membership in the plan.

32 (q) Unless the context indicates otherwise, “plan”  
33 refers to health care service plans and specialized health  
34 care service plans.

35 (r) “Plan contract” means a contract between a plan  
36 and its subscribers or enrollees or a person contracting on  
37 their behalf pursuant to which health care services,  
38 including basic health care services, are furnished; and  
39 unless the context otherwise indicates it includes  
40 specialized health care service plan contracts; and unless



1 the context otherwise indicates it includes group  
2 contracts.

3 (s) All references in this chapter to financial  
4 statements, assets, liabilities, and other accounting items  
5 mean those financial statements and accounting items  
6 prepared or determined in accordance with generally  
7 accepted accounting principles, and fairly presenting the  
8 matters which they purport to present, subject to any  
9 specific requirement imposed by this chapter or by the  
10 commissioner.

11 SEC. 2. Section 1368.2 is added to the Health and  
12 Safety Code, to read:

13 1368.2. (a) On and after January 1, 2002, every group  
14 health care service plan contract, except a specialized  
15 health care service plan contract, which is issued,  
16 amended, or renewed, shall include a provision for  
17 hospice care.

18 (b) The hospice care shall at a minimum be equivalent  
19 to hospice care provided by the federal Medicare  
20 program pursuant to Title XVIII of the Social Security  
21 Act.

22 (c) The following are applicable to this section and to  
23 paragraph (7) of subdivision (b) of Section 1345:

24 (1) The definitions in Section 1746.

25 (2) The “federal regulations” which means the  
26 regulations adopted for hospice care under Title XVIII of  
27 the Social Security Act in Title 42 of the Code of Federal  
28 Regulations, Chapter IV, Part 418, except Subparts A, B,  
29 G, and H, and any amendments or successor provisions  
30 thereto.

31 (d) The commissioner no later than January 1, 2001,  
32 shall adopt regulations to implement this section. The  
33 regulations shall meet all of the following requirements:

34 (1) Be consistent with all material elements of the  
35 federal regulations that are not by their terms applicable  
36 only to eligible Medicare beneficiaries. If there is a  
37 conflict between a federal regulation and any state  
38 regulation, other than those adopted pursuant to this  
39 section, the commissioner shall adopt the regulation that

1 is most favorable for plan subscribers, members or  
2 enrollees to receive hospice care.

3 (2) Be consistent with any other applicable federal or  
4 state laws.

5 (3) Be consistent with the definitions of Section 1746.

6 (e) This section is not applicable to the subscribers,  
7 members, or enrollees of a health care service plan who  
8 elect to receive hospice care under the Medicare  
9 program.

10 (f) The commissioner, commencing on January 15,  
11 2002, and on each January 15th thereafter, shall report to  
12 the Health Care Service Plan Advisory Committee any  
13 changes in the federal regulations that differ materially  
14 from the regulations then in effect for this section. The  
15 commissioner shall include with the report written text  
16 for proposed changes to the regulations then in effect for  
17 this section needed to meet the requirements of  
18 subdivision (d).

19 SEC. 3. No reimbursement is required by this act  
20 pursuant to Section 6 of Article XIII B of the California  
21 Constitution because the only costs that may be incurred  
22 by a local agency or school district will be incurred  
23 because this act creates a new crime or infraction,  
24 eliminates a crime or infraction, or changes the penalty  
25 for a crime or infraction, within the meaning of Section  
26 17556 of the Government Code, or changes the definition  
27 of a crime within the meaning of Section 6 of Article  
28 XIII B of the California Constitution.

